

TARGET

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CHINA BRIGHT CULTURE GROUP:

HAS THIS COMPANY TURNED THE PROVERBIAL CORNER ?

It is probably quite likely that many investors of China Bright Culture Group () (Code: 1859, Main Board, The Stock Exchange of Hongkong Ltd) were pleasantly surprised to learn, on Tuesday, March 31, 2020, that their Company's fortunes, in respect of the 2019 Financial Year, ended December 31, 2019, had surpassed all previously published profit forecasts.

On the last day of March 2020, the Company informed its shareholders that, on Revenues of about 475,566,000 renminbi (**RMB**) (about \$HK521,025,354.00), the Net Profit Attributable to Shareholders came in at 147,868,000 renminbi (about \$HK162,002,702.00).

Compared with the 2018 Financial Year, the 2019 Revenues had risen by 68.09 percent and the Net Profit Attributable to Shareholders had vaulted by 71.43 percent.

In the Global Offering Prospectus of China Bright Culture Group, published and disseminated in the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)** on Friday, February 28, 2020, the Estimated Consolidated Net Profit Attributable to Equity Shareholders was said to be '*Not less than RMB100 million.*' (Page 269 of the Global Offering Prospectus)

However, the high incidences of serendipity and coincidence of this video programme producer, over the six

short years that it has been in business, had not, always, been beer and skittles, as has been made very clear as one scans the Company's Global Offering Prospectus.

The Initial Public Offering (IPO) Of China Bright Culture Group

Management of China Bright Culture Group was desirous of selling 400 million, \$US0.00001 Shares at the Indicative Offer Price Per Share, ranging from \$HK2.25 up to a high of \$HK3.37.

Investors of the HKSAR were Offered the opportunity to subscribe to 40 million Offer Shares (the HKSAR Offer Shares tranche) while International Investors – Institutional Investors, Professional Investors and select, Well-Heeled Investors, along with corporate entities in which this class of investor held equity control – were induced to subscribe to 360 million Offer Shares (the International Offer Shares tranche).

On Thursday, March 12, 2020, Management of China Bright Culture Group announced that the Offer Price Per Share had been struck at \$HK2.26 – just one cent higher than the minimum, acceptable Share Price to Management with regard to the Indicative Offer Price range.

Management of the Company, also, stated that it was envisaged that the net proceeds of the Global Offering would be about \$HK829.90 million.

With regard of the HKSAR Offer Shares tranche, one was informed that it had been 'under-subscribed', with 3,970 valid applications for Offer Shares, having been accepted, representing 32,038,000 Offer Shares, equivalent to 0.80 percent of the total number of 40 million Offer Shares, initially available under this HKSAR Offer Shares tranche.

With regard to the International Offer Shares tranche, Management of the Company stated:

'The final number of International Offer Shares allocated to the placees under the International Offering is 367,962,000 Shares, representing approximately 92% of the total number of the Offer Shares initially available under the Global Offering ... The total number of International Offer Shares subscribed at the Offer Price is 666,245,000 Shares, which represents approximately 1.85 times of the total number of 360,000,000 International Offer Shares initially available under the International Offering. The Offer Shares initially offered under the International Offering have been slightly over-subscribed.'

At Pages 274 through to 276 of the Global Offering Prospectus, it was stated as to the intentions of Management to allocate the net proceeds of the IPO:

1. Approximately, 85 percent, that is about \$HK705.42 million, *‘will be used to fund the development of our pipeline programs:*
 - *approximately 70%, or HK\$580.93 million, will be used to fund, in full or in part, approximately 10 to 12 programs we expect to release in 2020. For programs to be funded in part with net proceeds from the Global Offering, we expect to fund the remaining amounts through cash from operations and trade receivables collected...*
 - *approximately 15%, or HK\$124.49 million, will be used to fund programs we expect to release in 2021, which include TV variety programs, TV drama series and made-for-internet drama series’;*
2. Approximately, five percent, that is about \$HK41.50 million, *‘will be used to expand our team by approximately 75 members in 2020. Although we believe our current team has sufficient capacity for the programs in our current pipeline for 2020, we plan to recruit the following personnel in 2020 in order to continue to expand our business over the next few years’;* and,
3. Approximately, 10 percent, that is about \$HK82.99 million, *‘will be used for our working capital and general corporate purposes.’*

The History And Business Of China Bright Culture Group

China Bright Culture Group was incorporated in the Cayman Islands on May 28, 2019.

This event resulted in this offshore company, becoming *‘the holding company and the listing vehicle of our Group,’* according to Page 106 of the Global Offering Prospectus.

However, the ... [CLICK TO ORDER FULL ARTICLE](#)

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